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SUBJECT: KAZAKHSTAN FLOATS IDEA OF CHINA-CASPIAN ENERGY /
TRANSPORTATION CORRIDOR

REF: A. ASTANA 943
[1](#)B. ASTANA 908

[1](#)1. (SBU) Summary: The GOK is floating the idea of an "energy transportation corridor" running from China to the Caspian through Southern Kazakhstan, which would consolidate oil and gas pipelines, railroad tracks, highways, electricity transmission lines and generating plants, and telecommunication lines along a single right-of-way. Presidential Advisor Serik Burkitbayev distributed a description of the project at the April 5 Interim Session of the Foreign Investors' Council (FIC), soliciting FIC member company support and telling them that the proposal would be on the agenda of the Summer 2007 FIC Plenary Session, chaired by President Nazarbayev. On April 7, Yerlan Sagadiyev, Advisor to the Prime Minister, highlighted the potential of a "multi-modal" transportation corridor, extending across the Caspian and beyond, to cut the transit time of Chinese goods to Europe by eleven days (Ref A). End Summary.

GOK Document Describes Corridor Concept

[1](#)2. (SBU) Presidential Advisor Serik Burkitbayev distributed a document (marked "confidential") describing a "Trans-Kazakhstan Energy Corridor" to FIC members on April 5.

The document and supporting maps describe an integrated transportation/energy/telecommunications corridor extending from the Kazakhstan-China border near Dostyk, through the population centers of Almaty and Shymkent, and then Northwest to the tip of the Aral sea, where the corridor bifurcates, with one leg running West to the Caspian port of Aktau, and the other leg running Northwest to the vicinity of Uralsk, on the Kazakhstan-Russian border. The corridor would consolidate highways, oil and gas pipelines, railways, power transmission lines, water pipes, and telecommunication lines along a single right-of way, "saving both capital costs and service infrastructure expense." Project cost is estimated at \$20-25 billion, with phased completion in 2007-2009 and 2012-2015. The document notes that the corridor will interface naturally with the European TRACECA ("Transport Corridor Europe/Caucuses/Asia") project.

[1](#)3. (SBU) The document envisions that construction of the corridor will spur the development of "a number of complexes for energy-intensive production" (cement, glass, fertilizer, and high-tech metallurgical production are mentioned), with resulting shifts in population, creating communities akin to "Silicon Valley" and the "IT Corridor in Malaysia." The project is also touted as a solution to Southern Kazakhstan's

energy supply issue. (Note: The document emphasizes that many of the corridor's component parts are already under design or construction. The corridor does parallel one possible pathway for the proposed Turkmenistan-Kazakhstan-China gas pipeline, rumored to be favored by the GOK in order to provide gas supplies to Almaty and other Southern population centers. End note.)

¶4. (SBU) The document calls for the creation of additional infrastructure along the corridor, including terminals and logistics centers on the Caspian Sea, as well as on the border with Uzbekistan, Russia, and China. Private investors are invited to participate in the construction of the infrastructure, as well as to contemplate building their own "specialized rolling-stock," as well as transit and warehouse terminals at border locations.

¶5. (SBU) In an April 7 conversation with the Ambassador, Sagadiyev emphasized the corridor as a cost-effective way to deliver Chinese goods to the European market. According to his vision, the corridor would extend to cross-Caspian shipping and beyond, cutting the potential delivery time for Chinese goods to Europe by eleven days. Sagadiyev noted that the corridor would be particularly well-suited for perishable Chinese goods, such as wheat, the transit potential of which he estimated at 20 million tons annually.

¶6. (SBU) Comment: We do not know the origins of this corridor concept, but it appears to have caught the imagination of the Kazakhstanis -- and presumably, of the Chinese as well. When combined with the Prime Minister's recent remarks to the Ambassador that Kazakhstan was pursuing a transportation "union" with Azerbaijan, Georgia, and Turkey

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(Ref B), this news leads us to conclude that the GOK is intent on improving transportation efficiencies and capitalizing on Kazakhstan's geographical position as a natural transit country. End comment.
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